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SUBJECT: Argentina Fires Financial Action Task Force Representative

REF: BUENOS AIRES 79

CLASSIFIED BY: Tom Kelly, DCM; REASON: 1.4(B), (D)

¶1. (C) Summary: The GOA fired its Financial Action Task Force (FATF) Coordinator over the weekend, reportedly in response to Ecuadorian criticism of Argentina's vote to blacklist Ecuador at the recent Abu Dhabi Plenary. Argentina is under the gun itself in an ongoing peer assessment that seems likely to find them, at best, partially compliant with FATF recommendations. Argentina will have to move quickly to replace the coordinator with someone knowledgeable as it navigates the ongoing review. End Summary.

FATF Coordinator Axed

¶2. (SBU) In a surprise announcement, the GOA dismissed Financial Action Task Force (FATF) Representative and Anti-money Laundering and Counter Terrorism Financing (AML/CFT) Coordinator Alejandro Strega over the weekend. The news broke from the Rio Group Summit in Cancun where, according to press reports, the Government of Ecuador criticized the FATF decision to blacklist them for non-compliance with AML/CFT recommendations at the February 17 -19 Abu Dhabi Plenary. The Ecuadorian Government asked Argentine Foreign Minister Jorge Taiana to account for the GOA's vote to place them on the list of non-compliant countries at last week's meeting. Taiana reportedly replied to his Ecuadorian counterpart on Saturday evening that Strega had been dismissed from office, effective immediately, for taking a vote that "was not pursuant to law."

¶3. (C) According to Strega's predecessor as Coordinator, Juan Felix Marteau (please protect), Strega made the extremely sensitive decision to vote to blacklist Ecuador unilaterally, without consulting other GOA officials. Marteau said that when Taiana was confronted about the vote in Cancun, he reportedly confessed that he knew nothing about it. According to Marteau, Taiana called Justice Minister Julio Alak, who was also unaware that Strega had voted against Ecuador. When Alak learned what Strega had done, he summarily dismissed him from office. Marteau commented that it was characteristic of Strega's lack of discipline that he would make a delicate foreign policy decision without consultation or coordination.

Just the Latest Victim

¶4. (C) Press reports have noted that Strega is only the most recent (Ref. A) in a string of fired AML/CFT officials. In early January, Minister Alak dismissed the Chief and the Deputy of the Financial Intelligence Unit (UIF) and subsequently replaced the board of advisors. The GOA filled the UIF vacancies largely with politically connected AML/CFT neophytes. It will likely move quickly to fill Strega's position to deal with the ongoing FATF peer assessment of Argentina.

#### FATF Review on Horizon

¶5. (C) According to Fabio Contini, the Italian Embassy Financial AttachC) who headed the FATF technical assessment team, the draft report goes to the GOA, most likely in April, affording them an opportunity to comment on or dispute elements of the team's findings. The FATF Coordinator manages the comment process and then meets the technical review team to discuss areas of disagreement. According to Contini, the follow-up meeting is not yet scheduled. It is evident, however, that a new Coordinator will be hard pressed to defend Argentina's record with little time to prepare and study the issues. The FATF Plenary will debate and issue a final public report on Argentina's performance before the end of the year.

¶6. (C) Contini said that the FATF review will likely be critical of Argentina. Even with either Strega or someone more politically nimble than Strega at the helm, Argentina faces a challenge in mitigating the peer review's negative comments. Contini said that Argentina's chief handicap for successfully completing the review is that the FATF coordinator has no authority to coordinate. He noted that when he asked Strega why he had not called all interested elements of the GOA together in an effort to systematically address some of Argentina's AML/CFT inadequacies, Strega replied that, as Coordinator, he lacked authority to compel parties to sit down together. Contini, like many other Embassy contacts (Ref. B), thinks that Argentina's major AML/CFT shortcomings are the absence of political will and failure to integrate all the pieces of the system.

¶7. (C) Comment: Strega's departure is not surprising, and not just because of his vote in Abu Dhabi. However, the GoA's approach to the entire FATF matter has been reactive and improvised, and not designed to deal seriously with the long-term issues plaguing its AML/CFT enforcement. It remains to be seen whether the GOA will replace Strega with someone with more experience and political clout; the GoA's track record to date suggests otherwise.  
MARTINEZ